Category Advisor Strategy

June 20, 1995

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Source: https://www.industrydocuments.ucsf.edu/docs/yqhn0000

Category Advisor

Opportunity

Opportunity to gain an advantaged competitive position with key Trade Customers via expertise versus choosing to compete with PM via size and spending.

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Source: https://www.industrydocuments.ucsf.edu/docs/yqhn0000

Category Advisor

Background

- "Category Management" is the future way the trade will manage products . . . picking category captains to maximize profits.
- PM - bigger, with more $, RJR must compete with intelligence / expertise / performance.
- Other manufacturers of consumer products will compete for retail space/presence with category managers
- Consistent/complimentary "Tool" which is in line with RJR Trade Marketing Vision
- Keep up with customers' technology

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Source: https://www.industrydocuments.ucsf.edu/docs/yqhn0000

Category Advisor

Objective

- **Professionalize RJR's key sales positions with category management tools/expertise**
- **To leverage a point of difference (versus competition) to be viewed as category advisor.**

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Source: https://www.industrydocuments.ucsf.edu/docs/yqhn0000

Category Advisor

Strategies

- **Develop category management tools and implement a flexible training program.**
  - ***Complete / In-Depth - CAM/SAM***
  - ***Short / Top Line Version - DM/SR***
- **Establish trade guidelines - how to allocate/prioritize commitment of resources**
  - ***Human / Time / $***
- **Leverage RJR's position as 3 Tier Company with extensive Category Management resources.**

Note: Initiative must be viewed as a key strategic component of future sales force structure.

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Category Advisor

Internal Positioning

- RJR's purpose is to make money by selling cigarettes.
- A Category Advisor is the key to this objective.
- The actions / tasks of a category advisor must always be toward this purpose.
- Ask the question, *"How does this activity/task help RJR make more money by selling more cigarettes?"*.

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Category Advisor

Operational Definitions

- **CATEGORY MANAGEMENT** is a consumer focused information based process of establishing strategies and making decisions on product mix, distribution, merchandising, and service in order to maximize consumer satisfaction and category profitability.

- A **CATEGORY ADVISOR** is an individual who understands customer category objectives, then applies the category management process and the appropriate information resources to optimize customer satisfaction and category profitability.

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Category Advisor

Role of a Category Advisor

- **To maximize our opportunity to change behavior to RJR's favor.**
- **The individuals behavior that the category advisor is attempting to change can be categorized as follows :**
    - **Retailer Behavior**
    - **Wholesaler Behavior**
    - **Smokers Behavior**

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Category Advisor
Selling Tool

- ***RJR Expertise and Capabilities***
  - Data Processing / Analysis
  - Marketing Research / Knowledge
  - Merchandising
  - Promotion
  - Private Label
  - Direct Marketing
- ***RJR Commitment***
  - Make unbiased category recommendations
  - Flexible to meet customer specific needs
  - Be the Category Partner
  - Achieve mutual objectives

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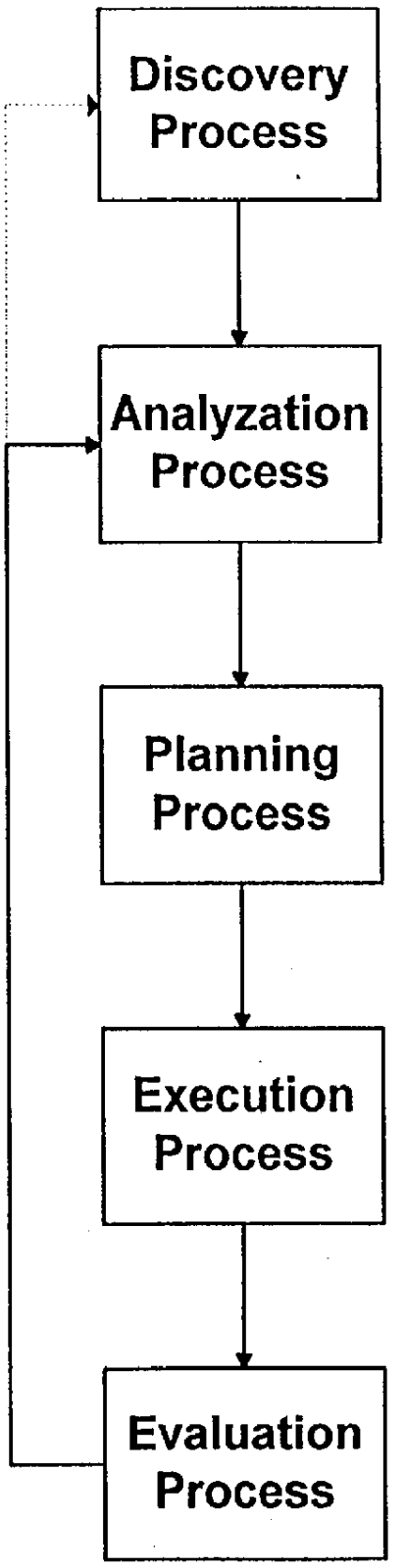
Category Advisor Process



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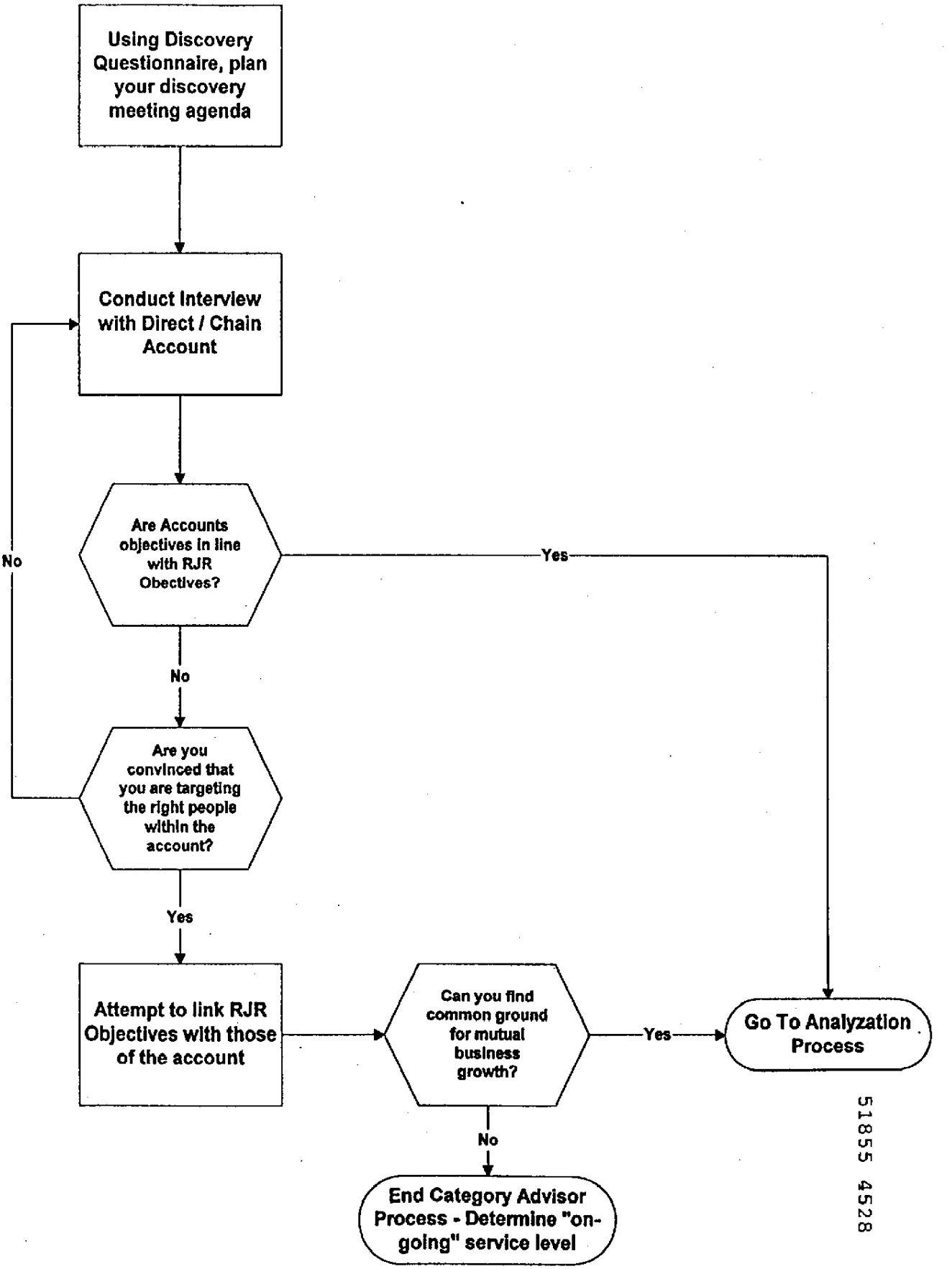
Discovery Process



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Source: https://www.industrydocuments.ucsf.edu/docs/yqhn0000

Discovery Process
Outline

Wholesale

Overall Philosophy
** Who is the Driver?*

Short Term/Long Term Objectives
Volume
Profit
Margins
Manufacturers Incentive Programs
SKU Management / Product Mix
Customer Mix / Volume Based / Chain Emphasis
Trading Area / Expand or Maintain
** Who is the Driver?*

Customer Philosophy
Price based versus Service based
Full Service Distributor
Sales Force or Order Takers
Customer Service
** Who is the Driver?*

Promotional Philosophy
VAP
DPC
Local Programs

Retail

Overall Philosophy
** Who is the Driver?*

Short Term/Long Term Objectives
Volume
Profit
Margins
RDA
SKU Management / Product Mix
Customer Convenience
** Who is the Driver?*

Merchandising Philosophy
Self Service versus Non-Self Service
Limited versus impact Display Presence
Store "Theme" look vs. Manufacturer display
** Who is the Driver?*

Retail Operations/Influence
Display
Merchandising
Plan-O-Grams
Contracts
Private Label
** Who is the Driver?*

Promotional Philosophy
Premiums
BSGSF's
Discounts
Value Added acceptance
Ctn, Pack, or Multi-Pack

Direct Chain

Overall Philosophy
** Who is the Driver?*

Short Term/Long Term Objectives
Volume
Profit
Margins
Manufacturers Incentive Programs / RDA's
SKU Management / Product Mix
Customer Convenience
Trading Area / Expand or Maintain
** Who is the Driver?*

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Premiums
BSGSF's
Discounts
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The Category Advisor Process
DISCOVERY

An Information Sharing Process between Customer & RJR.

- **Overall Philosophy**
- **Organizational Structure**
- **Competition**
- **How do they measure Success or Failure**
- **Suppliers / Wholesalers**
- **Communications**
- **Short Term / Long Term Objectives**
- **Merchandising Philosophy**
- **Retail Operations / Influence**
- **Customer Philosophy**
- **Promotional Philosophy**

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The Category Advisor Process
ANALYZATION

Development of common strategies / objectives against the consumer and marketplace opportunities.

- **Evaluate Customer Objectives**
- **Provide Information**
- **Make Recommendations**

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The Category Advisor Process
PLANNING

Strategies and Action Plans to meet Common Goals. (Programs, Promotions, Merchandising, Pricing, etc.)

- **Re-Confirm Recommendations**
- **Jointly Develop Actions, Next Steps, and Timetable**
- **Jointly Establish Measurement and Feedback Systems toward Objectives**

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The Category Advisor Process
EXECUTION

Tactical implementation of the "Plan"
Who-What-When-How (Logistics)

- **Merchandising**
- **SKU Management / Product Distribution**
- **Promotions / Co-Marketing**
- **Payments**

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The Category Advisor Process
EVALUATION

Performance Measurement Analysis against Objectives (Customer and RJR Results)

- **Evaluate Results against Objectives**
- **Provide Information**
- **Present Results to Customer**

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Category Advisor Application

HOW

- ***Setting Priorities / Guidelines For Resource Allocation***
  - **RJR Account Priority / Ranking - A, B, C, D**
  - **Understand Customer Objectives . . . .**
  - **Leverage Our Category Information Knowledge / Resources . . . .**
  - **Establish A Partnership . . . .**

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Category Advisor Training
Action / Timing

- ***Complete / In-Depth Training for CAM / SAM positions***
  - **Merge with Technical Training schedule as follows :**
    - CAMS -- August 1 - August 25
    - SAMS -- August 7 - Mid October
- ***Short / Top Line Version for DM / SR positions***

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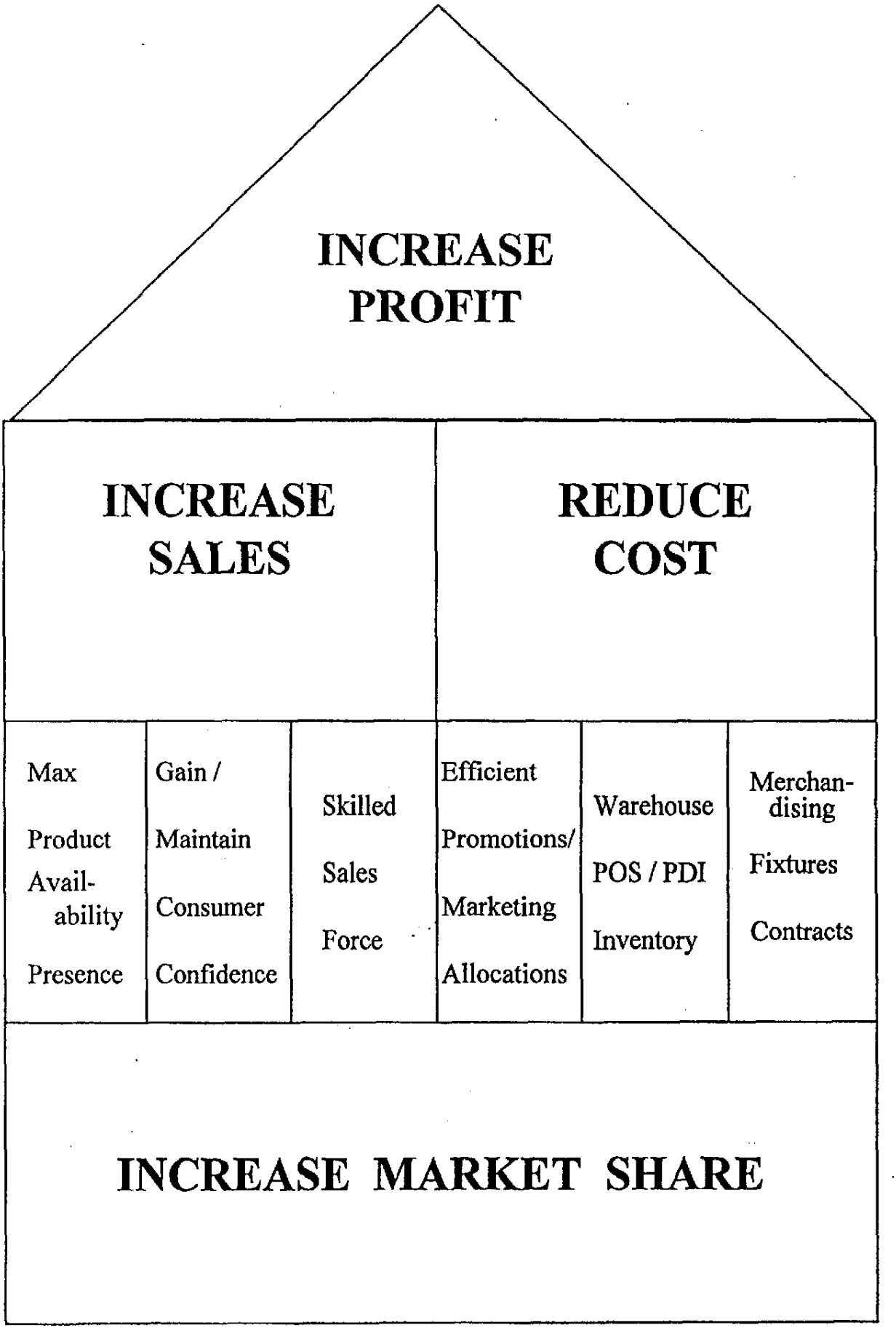

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